

www.ein.eu

EIN-A4

(9-10-2017)

EIN Seminar jointly organized with KAS on “Wealth creation for all - Which policies help to strengthen trust in market economies?”

Round Table - “Startups and Entrepreneurial culture – Backbone of strong economies”

Chair:

Paul RÜBIG MEP, EPP Group Vice-Coordinator of the Committee on Industry, Research and Energy and Member of the Committee on Budgets

Speakers:

Luděk NIEDERMAYER MEP, Vice-Chairman of the Committee on Economic and Monetary Affairs

Klaus-Heiner RÖHL (Cologne Institute of Economic Research)

Laura KOHLER (Etventure Startup Hub)

- > There is significant activity in the start-up sector in Europe, meaning that the situation is not as bad as we tend to think. 93% of 20 million companies in the EU are micro enterprises (>10 employees). However, despite the large number of companies, there is very little value added.
- > In the EU, if we consider SME Employment by sector, we that the Industrial sector is still the most important. However, Europe is very low on innovative/technological SMEs, and the number of enterprise births is declining.
- > Nowadays global market economy creates some natural advantages for large, multinational enterprises. As a consequence, important features of market economy can be lost (healthy competition, innovation efforts, diversification, etc.). If large firms are the only ones to prevail, the consequence would be a negative impact on society and economy. Therefore, we should pursue a policy that leads to the “right balance” of different kinds of market players in the economy. Otherwise, the large firms will overwhelm the market, suffocating the smaller ones.
- > Evidence shows that the less burdensome the administrative procedures for setting up a company are, the higher the rate of business start-ups is. It is very important to promote non-bureaucratic and time consuming procedures for new businesses, because they do not have the money neither the time to lose. Being successful often means being the first.
- > The successful experiences from current policy of countries, regions or projects should be better known to increase the efficiency of government policy: Innovative policies of some governments can create great opportunities for start-ups and boost development of some sectors (e.g. Estonia).
- > High quality education is key to support competitiveness of the EU economy, driving not only innovation but also entrepreneurship. Well-functioning civic society has also an important role to play.
- > If we want to build effective European SME policies, we need to promote: entrepreneurial spirit; principle of a second chance for unsuccessful entrepreneurs; Legislative rules according to the "Think Small First" principle; Responsive administration for SMEs (e.g. E-Government); Improved access to public procurement and state aid for SMEs; Facilitated access to funding options and better business environment; Improved chances on the European Single Market; access to knowledge formation and innovation; Ecological innovation/opportunities for environmental technologies; More assistance for exploiting opportunities on foreign markets.
- > Promoting the right mind-set is very important in order to stimulate entrepreneurship and innovation. The start-ups perspective is different from the big companies’ one: the last ones, need to defend their position in the market, while the first ones need creativity (not efficiency).
- > National governments are delaying and creating barriers to the single market, while the European Institutions are pushing forward to it.

The ‘EIN-A4’ represents a summary of EIN seminar initiatives. The views expressed do not necessarily reflect the EPP Group political line.

www.ein.eu

EIN-A4

(10-10-2017)

EIN Seminar jointly organized with KAS on “Wealth creation for all - Which policies help to strengthen trust in market economies?”

Round Table - “Size and situation of Middle Classes in Europe”

Chair:

Markus PIEPER MEP, Chairman of the Small and Medium-Sized Enterprises Circle (SME Circle) of the EPP Group

Speakers:

Sofia RIBEIRO MEP, Member of the Committee on Employment and Social Affairs

Arjen SIEGMANN, Economist (Academic Institute of CDA, Den Haag)

Christian ARNDT (HfWU Nuertingen-Geislingen University)

- > A broad and largely concept, the middle class means above all a social group that behaves and acts in a similar way, structuring society by its number and by its fiscal contributions, and can be sized according to 3 middle-income groups: lower (60-80% of median income), core middle (80-90% of median income), and upper middle (120-200% of median income).
- > Middle classes in Europe have been diminishing since the late 90's. It is not because of the last economic crisis. However, their situation got worse with the crisis because of cuts in employment and wages in the public sector (typically occupied by the middleclass), the emergence of new forms of work, high youth unemployment rates and the pressure on the welfare/social security systems.
- > The larger the size of the middle class, the lower the level of social inequalities. The lower the size of the middle class, the greater the burden on the social security system.
- > The consumption of the middle class has been decreasing in Europe and in most continents. However, the emerging middle class in developing countries is expected to expand. It is estimated that the economic gravity centre will shift from West to East, especially to the Asia Pacific region.
- > The disappearance of the middle class is worrying: it puts at risk the economic and political sustainability of European democracies, as social unrest drives people towards populism movements. The upper middle classes are disappearing across Europe, with the majority of middle class households moving to lower groups of income.
- > We cannot address and boost the middle class situation in Europe in a unique perspective. It is important to guarantee the right balance between the economic and the social pillar.
- > The real situation of each MS also depends largely on the perspective: objectively, most European countries are not bad (around 70% of population is considered middle class), but that changes when it comes to a subjective perspective, varying differently from MS to MS.
- > Growth and Inequality: Increased inequality runs growth risks.
- > We need to fight unemployment as it represents the biggest driver of inequality and stagnation.
- > Education with equal access promotes growth and equality, especially with regard to threats from technological change and demographics.
- > It is important to promote policies that strengthen household resilience when facing crisis and unexpected challenges (for example, access to quality education), as family solidarity is often taking the place of governments when responding to crisis.

The ‘EIN-A4’ represents a summary of EIN seminar initiatives. The views expressed do not necessarily reflect the EPP Group political line.